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# The War

## ADDRESS BY THE FORMER AMERICAN AMBASSADOR TO JAPAN<sup>1</sup>

(Released to the press May 21)

Less than a year ago I was still within the sphere of Japan's militarism. Everywhere I saw the specter of oppression, and I confess that it is as sad to see voluntary slaves as it is to behold men subjected to involuntary servitude who no longer have the wish for freedom. Japan's conquests cannot extinguish the capacity for free thought among the Chinese, the Malays, the Filipinos, and the other conquered people of eastern Asia who retain a fresh consciousness of what it means to be free. All those people have the grim satisfaction of knowing that Japan's conquests of them are as transitory as the conquest of the sun by the moon in an eclipse, and they can look forward to an early and inevitable rebirth of freedom. Even if the Japanese curb speech, so that no man dares say a single word, free thought persists; no human power can penetrate the privacy of the mind, and our allies—their lands occupied for the time being, their persons subjected to the khaki-and-red militarism of the Japanese, their wealth stolen by omnipresent Japanese exploiters—our allies can still be free because they remember freedom.

With the Japanese themselves it is different. The common Japanese people have never been free. They have centuries of subjection behind them, centuries wherein the common man was born to be the creature of his masters, wherein ordinary men and women dwelt in a world to

which they themselves—mind you, they themselves—felt they had no right to oppose the absolute privileges of their masters! It is those common Japanese men and women whom we fight today; we have the sad and paradoxical duty of fighting for them, and in their own ultimate best interest, at the very time that we fight against them militarily, economically, psychologically.

As I was leaving Japan, and as I met other United Nations people who had visited other portions of Japan and the Japanese-occupied territories, I found myself reinforced in the belief, to which I had reluctantly come while in Japan, that the Japanese common people were fighting to defend their own lack of freedom and were unshaken by the sight of the horror, the poverty, the uncertainty which vain and aggressive war had brought their empire.

We can't count on the Japanese to arise and overthrow the reckless militarism which has grown to world-menacing stature, because that militarism has identified itself with the oldest and best-beloved features of Japanese national life. When they began this war the Japanese leaders must have had the acumen to see that they might not win complete victory; those leaders must, in many instances, have gone to war with the expectation that they would win enough to be able to give some of their conquests back, to accept a 20- or 30-year peace, and then strike again. Or they may have assumed that they would conquer all the western Pacific and the countries bordering thereon and hold the conquered ground until the American people got tired of sacrificing and fighting and would choose to accept a sugar-coated defeat. But it

<sup>1</sup>Delivered by the Honorable Joseph C. Grew, now Special Assistant to the Secretary of State, to the Eighth Annual Executives' Conference of the Institute of Paper Chemistry, Appleton, Wis., May 20, 1943.

is only the leaders who think thus, and they take great care that the common people of Japan do not understand the real state of affairs.

At this very moment the unfree men of Japan are fighting for their traditional unfreedom. They fight for the familiar bonds and shackles in which they and their ancestors have been reared for uncounted generations. They fight because their government tells them that America is sensual, anarchical, greedy, selfish, disunited, and ethically uncivilized. They fight us because they have been propagandized for hundreds of years by an intellectual and political system which left no room for freedom. They hold to their ideas, no matter how erroneous these may seem to us, with the tenacity of fanatics. Listen to what the Japanese say of us today when they speak from a knowledge of the English language but not of the United States; I quote from the *Japan Times and Advertiser* of March 25, 1942:

"The Americans, though childish and prejudiced in many ways, are generally an open-hearted and well-intentioned people. They are not degenerate or vicious; they are only primitive, hence there is hope for them in the future. . . . In times of stress they become dangerously irresponsible. That such a people, in their war against Japan, should pose as the champions of civilization and humanity is a travesty upon historical fact. For the sake of civilization and humanity, it is America which must be chastised and disciplined and educated so that her barbarism will cease to menace the rest of the world."

This is a very moderate example of what the common people of Japan are told and believe. You notice that there is no supernatural nonsense about superiority in that comment; instead, there is a very human kind of prejudice, the prejudice of ignorance and misinformation. History will hold it to the debit account of the leaders of Japan that they did not permit the free circulation of ideas and handicapped their own people with an intolerable burden of lies and misunderstanding.

Nevertheless, while those lies and misunderstandings exist—and they have been skillfully

grafted on ancient patterns of remoteness and pure ignorance of the outside world—the Japanese people believe in them. If the Japanese were unable to reach a decent understanding of American life in days of peace, what do you think they can do in time of war—when the only ships crossing the Pacific between us cross on errands of death and the only visiting done between our peoples is done with the accompaniment of lethal efforts. Someday, somehow, our peoples will have another chance to understand one another; we must seize that chance and make the best of it when it comes, in order to avert perpetually recurrent war in the Pacific. With no militarism or feudal propaganda on their side, and with no touch, however faint, of arrogance or superiority on ours, we shall be able to meet on common ground—the common ground of imperishable truth and universal human decency.

In mankind's long rise from primitive, horrible, ignorant squalor, from the terrible depths of primitive superstition and fear, nations have come again and again to peaks of high civilization. Other peoples, not once but many times in the past, have been obsessed with ideas more fantastic, more cruel, and more bestial than those infecting the Japanese today, and those other peoples have come out of their ignorance and superstition and vanity into the light of truth and good, simple living. The Japanese are not racially bad; no one is racially bad; but they are badly misled at the present time. We cannot talk to them until we have defeated them: the Imperial Japanese Government has taken good care of that and has tightened the traditional Japanese censorship to an unbelievable degree. In Japan possession of a short-wave radio is a serious offense; possession of an American newspaper would be nothing short of catastrophic for the possessor; and I have no doubt that when our bombers start regular routine flights over the military objectives of the main island of Japan, the Japanese Government will fear the dropping of pamphlets almost as much as they fear the dropping of bombs. The Japanese people can be made free by the truth, and Japan's militarists know it!

Until that time, however, when by our own

use of force we shall have won the right to talk—as free men to men liberated—to the common Japanese, we are going to find that they are as good fighters for their wrong ideas as we are for our good ideas. Here we have no Italians, fighting for a washed-out dictatorship in which even the braggadocio has worn threadbare; no Germans, hypnotized by the spellbinding of a fanatic whom their inner conscience still mistrusts; no Hungarians or Rumanians, who fight simply because they are hired out as animals by rulers who did not have the courage or the chance to stand up for their own peoples—you face Japanese, men from the Antipodes of the North Atlantic world, who fight for things which their ancestors have believed in for centuries, and who do not realize that things which were true in far-away centuries of national isolation, when their homeland was Zipango at World's End, are bitterly and terribly untrue at this hour, when Japan stands at the aerial cross-roads of the world and for good or ill must meet the air-borne cargoes of the Pacific! These Japanese do not have the feeling so wide-spread among our people, that the world of national states is destined sooner or later to yield to the unity predicted by Tennyson, "the Parliament of Man, the Federation of the World"; indeed, this sense of undated but unavoidable unity may be one of the ideas which challenged the Japanese militarists to fight the onrush of political civilization before it was—from their barbarous and insular point of view—too late.

The Japanese we fight are equipped with a cause. Though it is a bad cause they adhere to it with a devotion which merits a nobler objective. The Japanese have a government accustomed for centuries to exacting absolute obedience from the common man, which has added to the ancient engines of oppression all the scientific devices of modern propaganda and police. The Japanese have a tough, skilled, well-trained army and navy of which they may well be proud, and they have an air force at which we no longer laugh. The Japanese on the home front are industrious, frugal, obedient, loyal, and united. They have dispensed with elections, with strikes, with argument, with all freedom which would conceivably interfere with the war. They have

in effect made their three huge islands of Honshu, Shikoku, and Kyushu into three gigantic military and naval bases, manned by more than 70 million working, fighting, human beings; these anchored battleships, moored by immutable geography against the shores of Axis, must be silenced one by one.

What do the Japanese intend to do if we do not stop them? Let me read to you again from the *Japan Times and Advertiser*:

"The plain truth is that the contention that the United States cannot be invaded is a myth—as much a myth as that the Maginot line could not be taken, or that Singapore and Pearl Harbor are impregnable. The United States was invaded in 1812, and it will be invaded again. We are fighting to create a New Order in Greater East Asia, but we see no earthly reason why we would restrict our military activities to this sphere. We propose to fight this war until our enemy is crushed even if we have to go half the way around the globe to do so."

We are the enemy whom the Japanese intend to crush. This is the land which they propose to invade. There is nothing between us and the armed forces of Japan but our own courage, our own hard work, our own skill, and the fighting capacity of our fellow Americans on the high seas and the many far-flung battle fronts.

The war we fight is global. We today have the advantage, long possessed by the Axis, of fighting one war while our enemies are still fighting several. We can and will crush Hitler. We can and will crush Japan. We can and will make the world a safe, decent place for common people, of every race and nationality, to live, to worship, and to prosper. But we can only do this job well if we understand the full magnitude of the job ahead of us, if we see the enemy as he is, if we do not fool ourselves by putting the world out of perspective with vain hopes or with foolish overestimation of our own powers. In fighting Germany we have the peoples of Europe and the western world with us; in fighting Japan we have the Chinese and all free Asiatics with us, together with our allies in this hemisphere and in the Pacific; in fighting

them both, we have the blessing and the aid of all free men, who realize that these wars are all one war: the everlasting struggle of progress against resurgent barbarism. We face the crisis of the ages. Realizing the magnitude of the enemy, we must accept the highest responsibility as the highest honor. To our enemies, let us say: Your best will be surpassed, and your violence will be met with force greater than it can bring to bear. To our friends, let us speak not with words but with true help and brave deeds!

### EXCHANGE OF AMERICAN AND JAPANESE NATIONALS

[Released to the press May 22]

For the information of the relatives and friends of American civilians held in the Far East by the Japanese authorities, the Department of State announces that it has received a communication from the Japanese Government giving reason to hope that a second exchange of approximately 1,500 American civilians for an equal number of Japanese civilians held in the United States may be arranged. The first exchange, involving the same number of civilians, took place last summer, the chartered Swedish motor vessel *Gripsholm* being used to transport the Japanese from the United States to Lourenço Marques in Portuguese East Africa, where the exchange took place, and the liberated Americans, who were received there from Japanese vessels, being brought home on the *Gripsholm*. While arrangements were being made for that exchange the Department entered into negotiations with the Japanese Government for a second and further exchanges. It has continuously pursued those negotiations in the hope that an agreement could be reached mutually acceptable to both Governments. In its latest proposal the Department suggested that a minimum of three more exchanges be agreed on, which would involve the repatriation of 1,500 on each exchange. The reply of the Japanese Government indicates that that Government prefers for the time being

to limit consideration to one exchange, involving the repatriation of 1,500 persons on each side, and that subsequent exchanges be left for future consideration.

The Japanese Government has expressed its desires with respect to the composition of the Japanese passenger list for the second exchange. The Department is now engaged, with the assistance of the other Government agencies concerned, in identifying and locating Japanese for inclusion in the passenger list. The work entails in many cases search throughout the United States for Japanese who have been named by the Japanese Government for inclusion in the exchange. Some may already have departed from the United States. Others cannot be identified until the English spellings of their Japanese names, by which they are known here, are ascertained. However, progress is rapidly being made in composing the passenger list. Until that task is completed and final and definite arrangements for the exchange have been made with the Japanese Government, the Department cannot indicate the date when the exchange may be accomplished.

As in the first exchange, there will be included a number of citizens of the other American republics and of Canada on a proportionate basis with citizens of the United States. Similarly, a number of Japanese from the other American republics and from Canada will be included with Japanese from the United States.

### VISIT TO WASHINGTON OF THE PRESIDENT OF LIBERIA

[Released to the press May 21]

His Excellency Edwin Barclay, President of the Republic of Liberia, will visit the United States as a guest of this Government on the invitation of President Roosevelt, arriving in Washington on May 26. The President of Liberia will spend one night at the White House, after which he will leave for the Blair House to remain for several days.

## Commercial Policy

### RENEWAL OF THE TRADE AGREEMENTS ACT

#### Statements by the Secretary of State<sup>1</sup>

[Released to the press May 17]

By this time it should be crystal-clear to each and every one of us that during the interval between the two wars there were committed some of the most colossal blunders in the experience of the human race. Otherwise the world would not be in its present critical position.

There never was a time, therefore, when it was more necessary for every one of us to examine and re-examine the nature and causes of mankind's tragic failure in the last two decades to build an enduring structure of law, peace, and prosperity. None of us who prizes freedom and who has at heart our national interest, for the sake of which we are now pouring out blood and treasure, can permit any preconceived notion, however long and strongly held, to stand in the way of an understanding of the crushing blunders of recent years and of resolute effort to make sure that such blunders will not recur in the future.

This is not the occasion for a thorough and comprehensive examination of this all-important matter in its entirety. But this is an eminently fit occasion for a discussion of one of its essential phases: the problem of international economic cooperation as an indispensable basis both for peace and for prosperity.

For the past nine years the reciprocal-trade-agreements policy has been carried forward by cooperative action of the legislative and executive branches of the Government. It was originally enacted in 1934 and has been, since then, twice renewed. The House of Representatives, after exhaustive hearings and debate, has just voted by an overwhelming non-partisan majority to renew it again.

<sup>1</sup> The statement released to the press on May 17, 1943, was made on that date before the Senate Finance Committee.

In the course of the hearings held by the House Committee on Ways and Means I made a comprehensive statement of the essential considerations involved in the question which is before you. I shall not take your time to reiterate the points presented in it. But I should like, if I may, to dwell upon one or two of these points.

In making its decision at this time whether or not to renew the Trade Agreements Act the Congress is faced with the first significant test of this country's basic attitude toward the future. The issue is whether or not our country is determined to cooperate with other peacefully inclined nations in economic matters.

After the last war we, as a nation, faced the same issue, and we have paid a terrible price for the fact that our answers to some of the questions raised by that issue were neither clear-cut nor consistent. Following the war of 1914-18, international economic relations soon fell into a pattern of rapidly narrowing nationalism. Recovery from the dislocations produced by that first world conflict imperatively required a revival and growth of international trade. Instead, the nations of the world surrounded themselves with ever-mounting barriers to an exchange of goods across their boundaries. To that destructive piling up of trade restrictions our country contributed its full share.

During the decade of the twenties the evil effects of trade restrictions were somewhat mitigated and disguised by the vast volume of international loans. Our country supplied billions of dollars in loans, which enabled us to maintain our exports on a relatively high level while we were putting immense obstacles in the path of our imports.

That unhealthy situation could not continue long. And it did not. By the end of the first

post-war decade the structure of international trade became disrupted, and the resultant dislocation served as a powerful contributory factor to the general economic collapse which descended on our country and the world.

In the first bitter days of that profound depression our country and other countries could think of no expedient, except to intensify and extend the very course of narrow economic nationalism which was so largely responsible for the tragic plight in which we found ourselves. Trade barriers rose to unprecedented heights. The structure of currency and credit was shattered. Countries resorted to a multiplying variety of economic weapons, and all suffered in consequence.

Fortunately for us and for the world, this country, after more than a decade of non-cooperation with others, at last had the vision and the courage to shift gears in the all-important field of commercial policy and to move in the opposite direction. That was the historic significance of the original enactment of the trade-agreements policy.

In the trade-agreements program we had a flexible and easily adjustable instrument for dealing with the two great obstacles to a healthy development of mutually beneficial international trade. The first of those obstacles was the immense variety of restrictions on imports: excessive tariffs, quotas, exchange controls, and many others. The second was the use of these devices in a discriminatory manner. By means of trade agreements we sought to eliminate or diminish these destructive barriers. The trade-agreement method enabled us to accomplish the reduction of trade barriers in other countries through a reciprocal reduction of some of our own tariff rates. It enabled us, by the use of the most-favored-nation principle, to press for an abandonment of discriminatory practices. Amid the growing deterioration of all international relations during the years which preceded the outbreak of the present war, the trade-agreement program was the most important single support for the hope that the nations might find a way toward cooperative action for the establishment and maintenance of peaceful international relations.

As we face the future, the renewal now of the Trade Agreements Act will have perhaps an even greater historic significance than that of its original adoption.

Our people are fully aware of that fact. For months past, in Congress and throughout the country, there has been discussion of the post-war world and of what should be our part in it, a free give-and-take of views and ideas in the best American tradition. This is as it should be. Only in this way can public opinion crystallize and the Congress be enabled accurately to register that opinion. We must chart the general direction of our post-war course, begin to make decisions on policies, necessarily leaving until later the working out of details in the better knowledge we will then have of specific conditions. Public opinion has not yet crystallized in regard to some aspects of the extent and nature of our cooperation with other like-minded nations with a view to making the world, after this war, both fruitful and secure. But it has, I feel confident, overwhelmingly reached the conclusion that the minimum indication of our willingness to cooperate with others in the economic field to the mutual benefit of all would lie in the clean-cut extension of the trade-agreements program.

That program has served us well in the past nine years. There has been an ample demonstration of its usefulness as an effective instrument for the promotion of mutually beneficial trade on a basis of fair dealing and non-discrimination—the only possible basis of fruitful international cooperation in the economic field. It is thus a practical and tested method which the Congress has already endorsed twice since its original adoption, each time after an exhaustive appraisal of its results. The Congress is being asked, therefore, in making this first decision on post-war policies, not to commit the country to some new and untried experiment but to reaffirm a proven program, sound in principle and in operation and essential for a stable economic, political, and peace structure in the post-war years.

We know from bitter experience that trade between countries is the main foundation for any and all economic dealings between peoples.

It provides the goods they need and furnishes employment for industries suited to each country. If it is discouraged by cloudy political skies and mistrust, or made impossible by national short-sightedness, there is no possible sound basis for any of the other economic or financial dealings between the countries.

Without substantial trade our shipping industry is certain to decline to small dimensions. Without substantial trade any capital investment that we may undertake abroad would sooner or later end in disappointment and reproach. Without substantial trade there cannot be certainty or stability in the monetary relations between countries. These will always be subject to disturbances and disputes. The prospects for maintaining a coordinated international monetary system would be dimmed. Without substantial international trade the future value of gold is certain to be in doubt, for countries will not indefinitely accumulate gold supplies unless they can freely obtain goods therefor. International trade is thus the key to all our international economic relations—and a powerful factor in our domestic prosperity as well.

The trade-agreements program is the sole practicable method by which we can hope to restore our post-war foreign trade to a healthy basis. It is a method of trade-regulation through which obstacles to commerce can be removed with fullest regard for the position and interest of every branch of our production and the general interest of the Nation as a whole. Administered as it has been by experienced and disinterested officials, with infinite care and caution, it is the one method so far devised for constructive action in this vitally important field.

There is no possible effective alternative for it. Our history has shown how strong would be the tendency, were the Trade Agreements Act discarded or crippled, to resort to the position of extreme and ruinous trade barriers. Any such course by this country at this time would spur on all countries in the world, many in greater difficulties than we ourselves, to place high barriers and restrictions about their own countries,

provoke them into special arrangements from which we would be excluded, and, as a consequence of these measures, destroy the interchange of needed goods by which all countries of the world can gradually repair the damage of the war and improve their economic condition.

In the conduct of our trade with the rest of the world and in the administration of the Trade Agreements Act, we, of course, take full and detailed account of our domestic situation, our domestic measures, and the forms of trading abroad. The act is flexible enough to permit all measure of wise adjustment. In fact, without the act we could not meet satisfactorily the changing conditions which will confront us.

Without the Trade Agreements Act we would be thrown back on the kind of extreme policy that culminated in the Tariff Act of 1930.

It has been suggested that the trade-agreements program be retained but the agreements negotiated under it be made subject to approval by the Congress. Let me recall briefly some pertinent history.

During the entire history of this country only three reciprocity tariff treaties have been ratified and made effective. All of these were of a special character and were with countries with which the United States had particularly close political or geographic ties: Canada (1854), Hawaii (1875), and Cuba (1902).

Twenty-two other reciprocity tariff treaties have been negotiated by the Executive, 10 under the general treaty-making powers and 12 pursuant to the express statutory provision in section 4 of the Tariff Act of 1897, but not a single one of these became effective. Seventeen of these were either rejected by or failed to come to a vote in the Senate, one was rejected by the foreign government because of amendments by the Senate, one failed to receive Congressional legislation necessary to place it in effect, and three were withdrawn.

In contrast to the record of reciprocity *treaties* requiring Senate or Senate and Congressional approval, is the record of *executive agreements* negotiated under authority delegated by the Congress and not subject to subsequent approval by the Senate or Congress. Under the

McKinley Tariff Act of 1890, 12 reciprocity agreements were made effective, and under section 3 of the Dingley Tariff Act of 1897, 15 such agreements were brought into force.

In 1933 the United States Tariff Commission, after summarizing the reciprocity experiences of this country up to that time, concluded:

"The past experiences of the United States with respect to the difficulty of obtaining reciprocal tariff concessions by means of *treaties* and the greater success in negotiating *executive agreements* under previous authorization by the Congress may be significant as a guide to future policy regarding methods of tariff bargaining."<sup>1</sup>

Since the Trade Agreements Act has been in operation 30 agreements have been negotiated and made effective. One agreement, that with Iran, signed on April 8, 1943, has not as yet become effective.

No one in his right senses would dream of asking the Congress for an unlimited grant of authority to adjust our tariff rates. No Congress would ever dream of making such a grant of power—and no Congress ever has. The Trade Agreements Act involves a strictly and specifically limited delegation of power, with the terms of which you are all familiar. Its periodic review by the Congress is a fully effective safeguard against the abuse even of these limited powers. In the light of the record of disastrous experience which I have just recited, a demand for Congressional action on trade agreements is a demand for the abandonment of the whole program without which our country's hands will be tied in a field in which it must either act or accept overwhelmingly disastrous consequences.

I shall not dwell on other equally important reasons why it is imperative that the program be continued in its present form without weakening change. Many of us, both within and outside the Government, including the almost unanimous voice of the public press, have strongly urged such action as an early indication to other nations of our post-war intentions. We

<sup>1</sup> U. S. Tariff Commission, *Tariff Bargaining Under Most-Favored-Nation Treaties*, p. 13; italics added. [Author's note.]

have all referred to the interest and anxiety with which other nations would follow the debates in Congress on this question. Developments since the introduction of the legislation in the House have confirmed this. Reports received from country after country, particularly in the neighboring American republics, reveal the marked attention by government officials, the press, and the public to this legislation. The universally expressed hope—except in the Axis countries—is for the trade-agreements program to be extended, both for its practical significance and for the reaffirmation of the principles of co-operation and fair dealing which it embodies.

When post-war economic readjustments are sought we shall need to be in a position, in our own national self-interest, to play our part in establishing conditions favorable to mutually beneficial trade, full employment, and generally to fruitful and friendly relations between the peoples of the world. Only through enlarged market opportunity abroad and at home shall we be able to establish and maintain our peacetime economic activity and the employment and living standards of our people on anything like a satisfactorily high level.

The experience of the two decades which elapsed between the end of the World War and the outbreak of a new war in Europe has brought out in sharp relief the validity of two basic propositions. The first of these is that our nation, and every nation, can enjoy sustained prosperity only in a world which is at peace. The second is that a peaceful world is possible only when there exists for it a solid economic foundation, an indispensable part of which is active and mutually beneficial trade among the nations. The creation of such a foundation is a primary objective of the trade-agreements program, which seeks the advancement of our domestic prosperity and the promotion of world peace.

These great objectives cannot, of course, be accomplished by trade agreements alone. But they cannot be accomplished without them.

[Released to the press May 21]

The Danaher amendment relates to the following provision of the existing Trade Agreements Act:

"Every foreign trade agreement concluded pursuant to this Act shall be subject to the termination, upon due notice to the foreign government concerned, at the end of not more than three years from the date upon which the agreement comes into force, and if not then terminated, shall be subject to termination thereafter upon not more than six months' notice."

The trade-agreements program is a cooperative undertaking between the Congress and the executive branch of the Government, having for its purpose the carrying out within definite congressional instructions and limitations of the policy prescribed by Congress.

Congress, of course, may at any time terminate any part or all of the authority entrusted to the executive department under the existing cooperative arrangement necessary for carrying out the trade-agreements policy. The sugges-

tion by some that the Danaher amendment would not affect the power of Congress is wholly beside the point. Everyone knows that the power of Congress would not be affected. The real and the dangerous point is that the proposed amendment would give notice to the world that six months after the termination of the war it, Congress, may wipe out all the existing 29 trade agreements by joint resolution. This notice of such possibility or probability naturally creates at home and abroad a state of doubt and uncertainty as to the future life of all trade agreements and, in fact, of the entire trade-agreements policy itself. Such destruction of the trade agreements would restore automatically the original rates of the Hawley-Smoot Act and head this and other nations away from international economic cooperation and straight back to the narrowest policies of economic nationalism, with serious effects upon both the domestic and international situations.

#### Statement by Francis B. Sayre Before the Senate Finance Committee

##### MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

The issue which the present resolution presents involves much more, against the background of 1943, than did the narrow and often sterile tariff debates of the past.

This country is engaged for the second time within 25 years in a devastating World War. There is acute need, therefore, for the most searching re-examination of every policy of Government which affects or may affect either the conduct of the war or the prospect for establishing a secure peace thereafter. The course which we set for ourselves in the field of international commerce may affect both. The country is entitled therefore to the best non-partisan wisdom that can be brought to bear on the crucial problem of establishing sound policies and effective procedures in that field. No narrower view is consonant with our responsibility to the people of this nation.

When this war ends the United States will face two paramount problems:

- (1) How to make a secure and fruitful peace;
- (2) How to insure, without undue interference with our free institutions, that every American who is willing and able to work shall have a fair chance to earn a decent living.

The first problem is obviously international, since war is an international affair. The second is only slightly less so. The United States is a great trading nation and cannot expect to be prosperous in a world in which its customers and sources of supply are bankrupt. Collaboration with other nations on both problems is therefore a sensible, if not indeed an indispensable, procedure.

Fortunately, our own fundamental objectives in this field and those of other countries are the same. We have common foundations upon which to build. All men desire security; all desire plenty; and few who have had a taste of individual liberty desire to give it up.

The two problems—peace and jobs, security and economic freedom—are closely related.

Wise international trade policies are part of the underlying solutions of both.

So far as the problem of unemployment is concerned, certain facts are obvious. If men returning from the battlefield and those engaged in war industry are to find productive jobs in private industry after the war, we must move in the direction of enlarged market opportunities in the post-war world. As long as people live on this earth of differing climates and varied natural resources and diversified physical conditions men will want to exchange the products of one area for those of another. People living in the great agricultural and food-producing areas will want to exchange their food and raw materials with those living in industrial areas producing factory goods, and vice versa. Manifestly, the number of jobs available in each group will depend directly upon the extent to which it can sell or exchange its product with those of other groups. By doubling its sales each group doubles its employment and doubles its purchasing power. Employment is measured by trade. Clearly, the way to increased employment is in the direction of opening up the channels of trade. This must be done gradually and selectively, so that no one will be inundated or injured in the process. I know of no other practicable way, except the questionable one of large and continuing direct expenditures by Government, which offers any reasonable hope of a solution of the post-war unemployment problem.

With regard to the second problem—peace—it is equally clear that industrial nations under twentieth-century conditions to maintain their standards of living must maintain access to necessary raw materials and necessary markets. If they are denied access to these they will feel forced to fight. If trade barriers erected along national frontiers bar them from the raw materials and markets they need for the maintenance of their populations they will fight to destroy those frontiers. Lowered trade barriers and freedom from trade discriminations are essential parts of the only foundations upon which lasting peace can be built.

Within the confines of a brief statement it is

impossible to trace the direct and indirect relationships between economic maladjustments and war; but there is no informed and responsible person who denies that the relationship exists.

The trade-agreements program cannot right all the economic maladjustments of this country or the world, nor can any other single program. But it does embody a method which experience has shown to be practicable and highly successful for increasing trade through international cooperation. It is justly regarded in this country and abroad as one of the few existing working programs based upon international cooperation in important economic matters which has met with outstanding and striking success. I cannot believe that the Congress will decide to reject or cripple such a program at the very time when the fate of this nation and of all free peoples hinges on the determination and ability of the United Nations to work effectively together in the winning of the war and in the winning of the peace.

There can be no real question today that the policy of economic cooperation is essential—is a necessity—if we are to survive. There can be no question that in the commercial field the trade-agreements program is the expression and embodiment of that policy. The only real issue before you is one of method. Does the bill now under consideration offer a method which is practicable for achieving the desired result?

Upon this issue only one thing need be said. The experience of the past nine years shows that the present method is workable; the experience of the past under other procedures proves them to be unworkable. We understand this and we must realize that other nations also understand it. Of all times this is surely not the occasion to make changes simply for the sake of change. To make untested changes now will result in the creation of doubts in the minds of our allies and friends—doubts which, however unfounded, we cannot afford. Berlin's radio propaganda has already manifested Germany's interest in the matter.

The program has worked uncommonly well. It has been tried in the fire of experience. It has produced results. It has brought to Amer-

ica increased trade and increased employment without working injury to any branch of American agriculture or American industry.

The facts concerning the act, its administration, the agreements entered into under it, the tangible and intangible results of those agreements, and the prospects for the future as far as it can be foreseen are fully and well stated in the report of the House Committee on Ways and Means, which I assume is available to this committee. I shall not take the time of the Finance Committee to summarize what is there so carefully set down. Of course I am available to the committee to furnish any information in my power desired by the committee on any matter connected with the program.

One of the most impressive parts of the House Committee's report is that which describes the all but unanimous support which the long hearings in the House developed. Americans from every section of the country, from both of the great parties and from every walk of life, support the present measure. Republicans and Democrats, manufacturers and labor unions, chambers of commerce and farm associations, the press in every section of the country, 1,500 professional economists, disinterested public-interest groups of every sort urge favorable action. I know of no recent governmental measure or proposal, unless it be lend-lease or legislation for the direct prosecution of the war, which has

received such nearly unanimous and positive support. That support is based on the profound realization, as I have been suggesting, that practical international cooperation is the best hope for the future that we have and that this act is a necessary part of it.

The House Committee summed up its conclusions in words which state my views and which I ask permission to adopt:

"On the basis of the foregoing, and of the other testimony offered before it, and of its own consideration, the committee has concluded that:

"First. It is desirable to continue in existence this tested and sound instrument of international cooperation, in the interest both of unity in the war effort, of a secure peace hereafter, and of American prosperity;

"Second. It is desirable to make the vote as large and as bipartisan as possible, in order that our allies and the citizens of the United States may be assured that international cooperation in post-war reconstruction is not a party matter;

"Third. It is desirable that the extension be in the form and for the term that has formerly been used, in order that no unnecessary doubts may be created.

"The committee therefore, recommends that the bill which the committee has reported pass without further amendment, and it bespeaks bipartisan support for this proposal."

## THE TRADE-AGREEMENTS PROGRAM AND THE POST-WAR WORLD

Address by Francis B. Sayre <sup>1</sup>

[Released to the press May 17]

The United States Congress is now engaged in considering whether or not it will extend for another three-year period the President's authority to negotiate reciprocal trade agreements with foreign countries under the act of 1934. This is the first great American referendum on

the economic foundations of the peace and is therefore of critical importance. The congressional debates are being followed with intense interest by all the United Nations. The result will indicate and in large measure will determine the commercial policy which the United States will follow in the years after the war; and what we do will to a large extent determine what other countries find it possible to do. If the people of the United States really desire a more humane world and a more abundant

<sup>1</sup> Delivered at the World Trade luncheon, New York, N.Y., May 17, 1943, and broadcast over the Blue Network. Mr. Sayre is Special Assistant to the Secretary of State.

economic life after the war, this is the time to act.

The Atlantic Charter has laid down the general direction for the future, and the executive leaders of the United Nations have endorsed it. No territorial aggrandizement for anyone, the rights of self-determination and self-government, access on equal terms to trade and raw materials, international collaboration in economic matters, a peace which will permit each nation to dwell in safety within its own boundaries and make freedom from want and fear a possibility, the freedom of the seas, the disarmament of aggressor nations and the easing of the burden of armaments for all, a permanent international system of general security—these are the eight heads of the common program. The keystone of the arch is international co-operation. Upon that and upon that alone can be built a peace that will last.

The victory of the United Nations, when it comes, will be a victory of international co-operation over national isolation. We could not win the war without the closest kind of cooperation. And without it we cannot win the peace. The period of transition from total war to total peace will be a critical one, during which the spirit of cooperation now holding the United Nations together will be violently threatened by powerful centrifugal forces. But that spirit and practice of close cooperation, of community of planning and effort, must at all costs be continued. In peace no less than in war our common objectives are impossible without it.

Furthermore, as must be obvious to all, political cooperation can be built only upon the cohesive forces of economic collaboration.

If nations are to live together in peace they must closely cooperate in the fundamental business of making their populations secure against freedom from want. To this end collaboration in trade is an absolute essential. The solutions of some of our most vital domestic issues hang upon national and international trade. Upon trade hang problems of production and employment, the price of crops, the chance to get a job, the means of paying off the mortgage. Peace cannot be made lasting except as it is

built upon close collaboration in the field of international trade.

## II

The two most crucial and fundamental issues which, after the war is won, will confront our civilization are the problems of unemployment and of international security. After the last World War the problem of unemployment reached the critical stage. In every industrial nation during the early 1930's increasing millions of men walked the streets, idle and unable to find jobs. The specter of want and of hunger dogged their footsteps. Today men are employed in war; but fundamentally the problem of unemployment still remains unsolved. When our soldiers return from the battlefields we must find a way to give them jobs and security.

It is obvious that the only way to increase jobs without vast outlays in government spending is to increase production and trade. Employment must depend upon the ability to produce and the ability to sell goods. But the ability to produce depends in many cases upon the ability to get raw materials from distant places; and the ability to sell depends upon the ability to move the finished product, often to distant markets. Whatever interferes with the acquisition of raw materials, whatever interferes with the movement of the finished goods to market, correspondingly cuts down employment. In other words, trade barriers inescapably reduce employment and throw men out of jobs.

This is equally true of domestic trade and of international trade. Trade barriers, whether at home or abroad, throw men and women out of work.

When trade falls off, production drops, the national income is reduced, and the unemployment curve goes up. This is not a matter of theory but of provable fact.

Among the most far-sighted provisions of our American Constitution is the prohibition against trade barriers along State lines, which is implied from the grant to Congress of the power to regulate commerce among the States. Before the adoption of the Constitution some States levied import or transit taxes on goods from other

States, and the results came near to breaking up the Union. Undoubtedly this constitutional provision and its vigorous enforcement by the Supreme Court of the United States have done more to build our country to incomparable commercial strength and unity of national purpose than any other single constitutional provision. Without this there is very grave doubt whether we would be a single unified nation today.

The same is true of nations. No great industrial nation is today, or can possibly be in the future, economically independent. The attempt by any nation to achieve economic isolation leads to poverty and unemployment, both for its own people and all others within reach of its influence.

Trade constitutes the veritable lifeblood of nations in this interdependent world. Industrial nations, by selling processed products abroad in exchange for foodstuffs and raw materials, have made possible the support of vastly increased populations. The population of Europe, which in 1650 was 100 millions, increased to 140 millions in 1750, 266 millions in 1850, and 519 millions in 1933. Through foreign trade alone can modern industrial nations procure necessary food for their peoples, raw materials to keep their factories in operation, or the manifold goods which make present-day civilization and culture possible. Through foreign trade alone can they obtain large enough markets to keep their specialized industries going.

Such nations must maintain access to necessary raw materials and necessary markets. If they are denied access to these they will feel forced to fight. If trade barriers erected along national frontiers bar industrial nations from the raw materials and markets they need for the maintenance of their populations they will fight to destroy those frontiers. If goods can't cross national frontiers armies will. Lowered trade barriers and freedom from trade discriminations are essential parts of the only foundation upon which lasting peace can be built.

As we look ahead into the post-war period two broad alternatives face us. One is a world based upon economic nationalism and autarchy—the kind of world which Hitler was seeking to build

prior to the outbreak of the second World War. The other alternative is a world based upon organized international cooperation and interchange of goods.

One must emphasize that in the world of fact and actuality neither of the two alternatives is an absolute. No nation today can possibly embargo every import and export. In spite of all his efforts Hitler could not make Germany self-sufficient. He was forced to cry out, "Germany must export or die". On the other hand, neither is it possible under modern conditions to eliminate all trade barriers overnight. No responsible statesman, no reputable economist, today advocates complete free trade. Such a course, suddenly launched upon and pursued, would gravely and unnecessarily injure important segments of private business and national industry. The choice between the two alternatives must be a matter of judgment and degree.

Nevertheless, if we are to obtain our objectives America must know and consciously choose the direction in which we are to move. The destiny of this country, and indeed of the whole world, depends upon that choice.

What is clear and cannot be disproved is that the pathway of economic self-sufficiency leads as surely as the rising of the sun to growing unemployment and industrial breakdown. It leads to economic chaos, international conflict, and eventual war. On the other hand, the pathway of increased international trading leads with equal sureness to increased employment and heightened standards of living. It leads to lessened international strain and conflict. It constitutes one of the absolutely necessary foundations for lasting peace.

We must not be misled by the common assumption that the way to increase American employment is to shut out the importation of foreign competing goods. The embargo policy is and always will be injurious to labor, for it destroys markets. It rests upon the assumption that tariff-subsidized production and employment are net gains, and overlooks the fact that the resulting restriction of imports reduces foreign purchasing power for the products of naturally stronger export industries, and so causes

reduced operations and lessened employment. It rests also upon the false assumption that markets are static and fixed. In fact, we know that precisely the opposite is true. Markets rapidly expand and contract with available purchasing power. The practical way to obtain increased markets is to widen the field of trade, to build up greater purchasing power and more extensive markets both at home and abroad. Every increase in the sales abroad of American wheat or cotton or hog products, or of automobiles or other manufactured goods, means more dollars in the pockets of American farmers and workers producing for export; these producers will be buying more clothes and food and consumers' goods in every section of the country and thus invigorating and enlarging our domestic markets. Foreign trade helps labor and helps agriculture because it builds up domestic markets for the products of labor and of agriculture as well as foreign markets.

Employment comes through increased trade and not by shutting out or severely restricting imports. Statistics give clear proof that mill-wheels turn and men find jobs, not when foreign goods are excluded from American markets but when American wealth is created and American purchasing power is built up by a trade brisk because unhampered by unreasonable hindrances. The popular cry of 100 percent of the American market for the American working-man or the American farmer is based upon a fundamental fallacy. It ignores the fact that only the fringes of American agriculture and industry have anything whatever to fear from foreign competition, that the vast bulk of American enterprise, American labor, and American consumers suffer when our foreign trade is destroyed by our own and other countries' tariffs and other barriers and prosper when our foreign trade is permitted to thrive. Practical experience has proved the embargo policy a failure.

The United States Tariff Commission has gathered together an impressive set of figures and charts. These disclose, in index numbers, the actual history of our foreign trade, our national income, and our industrial production

for a continuous period of 23 years, from 1919 to 1941 inclusive. They show for the same period the total wages paid by industry, the cash receipts of farmers (excluding benefit payments by the Government) and the course of prices of farm products. In greater detail they show for the same period the income of the livestock industry, the prices of beef cattle, the income of the dairy industry, and the price of butterfat.

In summary, this incontrovertible evidence shows:

*First.* Payrolls in industry do not decline when imports increase. The opposite is true. When imports decline payrolls decline; and when imports increase payrolls increase. When imports are highest, factory workers in the United States are earning the most money. These are the times of increased purchasing power and of good demand, both for domestic and imported products.

*Second.* Farm prices and farmers' income go up when foreign trade increases and decline when foreign trade declines. This is true whether we look at total foreign trade, or at imports as a whole, or exports as a whole, or at imports of agricultural products. It is true whether we look at farm prices and farm income as a whole, or at livestock income and the price of cattle, or at dairy income and the price of butterfat. Imports such as enter under the trade-agreements program do not ruin farmers.

The truth of the matter, which we all know but are apt to forget, is that all the major portions of our industrial and agricultural life are sick or well together. Increased purchasing power and a consequently sustained large demand is the necessary condition of increased employment and increased prosperity; and these come with increased trade, foreign as well as domestic. Workmen, whose greatest threat is unemployment, and farmers, whose greatest threat in time of peace is falling prices, should be among the first and the most diligent supporters of a program directed to achieving increased foreign trade and increased international security.

## III

Our peace program, then, in the field of commerce is to increase the international exchange of useful goods and services, to do it by international cooperation, and to do it not by destroying but by strengthening the democratic method of individual enterprise on which our American economy is based. That is the method and the purpose and the whole objective of the Trade Agreements Act. That act does not propose any governmental barter, or any governmental spending, or any special privilege. It proposes rather that two governments, our own and that of a friendly foreign country, shall sit down together and determine, in the light of the best information that either can obtain, what particular burdens and restrictions are unnecessarily hampering the flow of mutually beneficial trade between them, and then that they shall give serious study to see whether and to what extent and in what way those burdens can be lightened without damage to domestic interests in either country. If a practical way can be found to do so, from these studies comes an agreement, reducing the restrictions on both sides and promising each to the other complete non-discrimination and most-favored-nation treatment. The process is not glamorous; it follows no preconceived theories; and it contains no diplomatic victories. It requires long and detailed study, industry by industry, commodity by commodity; and it involves prolonged and patient negotiation. But the results, when agreement can be reached, are a solid and substantial benefit to the people of both countries. And the benefits are lasting. The equality-of-treatment, often called "the most-favored-nation", pledges guarantee that the concessions granted on either side will not be vitiated, as long as the agreement remains in force, by greater concessions subsequently granted to the products of some other country. Through these pledges the United States has profited enormously in dollars and cents in lowered foreign tariffs for its exports. Under this program the United States and all other parties to the program refuse to engage in a process of competi-

tive discrimination or of any other form of economic warfare. That is, it seems to me, the only kind of a commercial program between nations which in the long run can succeed.

That it has succeeded up to date, from the point of view of the United States, is vouched for by the two renewals by the Congress, after extended hearings, in 1937 and in 1940, and by the impressive body of favorable testimony on the part of American industry, labor, agriculture, and the public that has come forward in the present hearings. That our foreign partners are well pleased is vouched by what they say and more impressively by the plain fact that though the original term of several of the agreements has expired no country with whom we have an agreement in effect has moved to terminate it. Instead, new customers are knocking at the door and we have made four new agreements since Pearl Harbor.

## IV

The issue which we now face is no longer merely a question of commercial policy. It is no longer merely an issue between various special groups and interests within the United States.

America is at war. We are fighting for our lives. We are fighting also for freedom and for a decent world for our children and for our children's children. In this fight, more devastating, more cruel, more terrible than any struggle which America has ever known, we are all one, pursuing common ends. There is no room for partisan differences or sectional disputes. All of us are Americans. All of us alike seek a post-war world free from growing mass unemployment and free from the destroying fires of recurrent and constantly threatening warfare. There is only one direction toward which America can turn to gain these objectives. That is in the direction of increased and increasing international cooperation and international trade. As to this there can be no difference of opinion. It is a matter of supreme foreign policy.

In other words, the trade-agreements program must be considered today against an altogether

different background from that of nine years ago. Then it was a question of commercial policy, of high tariffs versus low tariffs, of dollars-and-cents profit or loss for this sectional group or for that. Today we live in a different world. Increased foreign trade is now a crucial issue of foreign policy. Today we stand at the fork of the road with the eyes of all nations upon us. Will America, with her matchless power and incomparable strength, the acknowledged leader of post-war economic life, now move in the direction of economic self-sufficiency regardless of the cost to us and to others, the policy which Germany pursued and which drove us all into the second World War, or will America move in the direction of international cooperation and increased trade, upon which alone lasting peace can be built? Here is an issue of crucial foreign policy upon which there is no room for difference of opinion between Republicans and Democrats.

The vote of Congress upon the present bill will be regarded by other nations as the acid test of America's future intentions. If we move in the direction of economic isolation other nations closely watching us today will be forced to move accordingly in a desperate effort to get along without our help. In that event there can be no other outcome but increasing economic struggle and growing bitterness, lowered national standards of living, increasing expenditures for armament, and eventually a third world war. One thing is sure. It is utterly impossible, and will always be impossible, to build international cooperation upon economic isolation.

Once this stubborn reality is realized, the nature of the economic foundations required for a stable peace becomes clear. Today the standards of living, if not the very lives, of entire populations are dependent upon a steady flow of raw materials, foodstuffs, and manufactures at prices unenhanced by prohibitive economic barriers, and also upon a steady sale of their own exportable production in foreign markets for a remunerative return.

If we are to have peace we must build for it; and now is the time to lay the foundations. If we allow short-sighted local and sectional demands for monopolistic privilege to dominate

our thinking and our action, then no matter how ardently we may desire peace we shall not obtain it. Economic isolation leads inevitably to lowered standards of living and increased unemployment, to nation competing against nation in bitter struggle for shrunken markets, to competitive armaments and eventual war.

If we are to achieve a lasting peace we must consciously and courageously move to overcome this drift. No nation can make the peace secure single-handed. But it can be done through international cooperation. Neither will any single measure be sufficient. Lasting peace can be achieved only through a combination of measures. Not the least of these must be increased international trade.

The bill now before Congress is in very truth one of the foundation stones—and a vastly important one—for the coming peace. Future Americans will look back upon this question as one of the really critical issues of the war. A wrong decision will deprive us of the fruits of victory—will make impossible the attainment of our war objectives. I feel supremely confident that the members of our Congress will decide this issue, not as sectional leaders but as Americans, true to American traditions, leading in the battle for human progress.

#### AGREEMENT WITH CANADA ON THE PROGRAMMING OF EXPORTS TO THE OTHER AMERICAN REPUBLICS

[Released to the press May 22]

An agreement has been reached with the Government of Canada whereby exports from the United States and Canada to the other American republics will be jointly programmed.

Effective June 1, 1943, Canada will participate in the decentralized export-control plan, the purpose of which is to assure that goods exported to the other American republics will be utilized to the best interest of the war effort and to maintain the essential economy of those countries. The procedure provides for the joint program-

ing of exports within the available supply of scarce materials and within the available shipping space.

The joint programming of exports will follow as far as possible the specific requests or recommendations of the importing countries. Agencies have already been created in the other American republics which certify within the available supply and shipping tonnage orders for goods to be exported from the United States. This procedure is now to be extended to exports from Canada to those countries. The American

diplomatic missions and the Canadian representatives in the other American republics will co-operate closely in this action.

The operational details of integrating this export program are being worked out by the Department of State, the Board of Economic Warfare, and Canadian officials.

It is the underlying policy of both Governments that in the operation of the decentralization plan no advantage should be taken by nationals of either country at the expense of the other.

## International Conferences, Commissions, Etc.

### UNITED NATIONS CONFERENCE ON FOOD AND AGRICULTURE

#### Letter From President Roosevelt to the Opening Session

The President sent the following letter to the opening session on May 18 of the Food Conference at Hot Springs, Va. The letter was read to the Conference by Judge Marvin Jones, chairman of the United States Delegation:

"In your capacity as chairman of the United States delegation, and as temporary chairman of the United Nations Conference on Food and Agriculture, will you convey to the delegates assembled my heartfelt regret that I cannot be present in person to welcome them upon this historic occasion. Urgent matters in the prosecution of the war make it impossible for me to attend, and until we have won the unconditional surrender of our enemies the achievement of victory must be pressed above all else. Nevertheless, I hope that later I shall be able to meet the delegates and express to them personally my profound conviction of the importance of the task on which they are about to embark.

"This is the first United Nations conference. Together, we are fighting a common enemy. Together, also, we are working to build a world

in which men shall be free to live out their lives in peace, prosperity and security. The broad objectives for which we work have been stated in the Atlantic Charter, the Declaration of United Nations, and at the meeting of the twenty-one American republics at Rio de Janeiro in January 1942. It is the purpose of this conference to consider how best to further these policies in so far as they concern the consumption, production and distribution of food and other agricultural products in the post-war period.

"We know that in the world for which we are fighting and working the four freedoms must be won for all men. We know, too, that each freedom is dependent upon the others; that freedom from fear, for example, cannot be secured without freedom from want. If we are to succeed, each nation individually, and all nations collectively, must undertake these responsibilities: They must take all necessary steps to develop world food production so that it will be adequate to meet the essential nutritional needs of the world population. And they must see to

it that no hindrances, whether of international trade, of transportation or of internal distribution, be allowed to prevent any nation or group of citizens within a nation from obtaining the food necessary for health. Society must meet in full its obligation to make available to all its members at least the minimum adequate nutrition. The problems with which this conference will concern itself are the most fundamental of all human problems—for without food and clothing life itself is impossible. In this and other United Nations conferences we shall be extending our collaboration from war problems into important new fields. Only by working together can we learn to work together, and work together we must and will."

#### REPORT OF THE BERMUDA MEETING ON THE REFUGEE PROBLEM

[Released to the press May 19]

The delegates appointed by the American and British Governments to confer at Bermuda upon the refugee problem have now terminated their discussions and have submitted a report to their respective Governments. The two Governments have received this and are at present engaged in carrying out its recommendations. Throughout the discussions at Bermuda, the United States and British delegations as well as the two Governments worked in complete harmony and in a spirit of mutual cooperation. The report was submitted as a joint report and contains no divergence of opinion.

While the details must be regarded as confidential so long as a knowledge of the recommendations contained therein would be of aid or comfort to our enemies or might adversely affect the refugees whom all are trying to aid, certain facts may now be made public.

The two delegations accomplished the useful task of dividing suggestions and proposals for the solution of the refugee problem into two

categories: (1) what was possible under existing war conditions and (2) what was impossible under these same conditions.

All suggestions were measured by two strict criteria. In the first place, nothing could be recommended that would interfere with or delay the war effort of the United Nations, and, secondly, any recommendation submitted must be capable of accomplishment under war conditions.

The shipping problem was recognized to be of the utmost urgency, and it was agreed that any plan looking to the diverting of allied shipping from the war effort to remove or care for refugees would present considerations of a military character which would disclose almost insuperable difficulties. It was also agreed that no negotiations with Hitler could be undertaken since his entire record has left no doubt that he would only agree to such solutions as would be of direct aid to the Axis war aims.

The conference was, however, able to recommend measures both for removing refugees from neutral countries and, in those cases where such removal was not possible, for giving assurances of international cooperation in the future of the refugee problem so far as it affected them.

It also recommended a number of temporary refugee havens to which refugees could be transported and maintained if and when shipping should become available. At least one such movement has been effected.

Certain measures of a financial nature to cover necessary expenses and a declaration of intention to provide for repatriation upon the termination of hostilities were also recommended.

The conference also submitted a plan for an expanded and more efficient intergovernmental organization with increased authority to meet the problems created or likely to arise under war conditions.

Some of these measures are now being put into effect and others, it is hoped, will soon be possible. It is therefore believed that the practical results of the recommendations submitted by the conference will soon become apparent.

## General

### AMERICAN MEXICAN CLAIMS COMMISSION

[Released to the press May 20]

Edwin D. Dickinson, recently appointed General Counsel of the American Mexican Claims Commission, on May 20 was sworn in at the Department of State.

Mr. Dickinson, a recognized authority on international law and author of a number of works in that field, received the doctorate in international law at Harvard in 1918 and the professional degree in law at Michigan in 1919. He has been a professor of law at Michigan, has taught law in the summer terms of Columbia, Stanford, and Cornell Universities, and was Dean of the School of Jurisprudence at the University of California, Berkeley, at the time of his appointment as Special Assistant to the Attorney General in June 1941. Mr. Dickinson leaves the Department of Justice to become General Counsel to the Commission.

The American Mexican Claims Commission consists of Edgar E. Witt, of Texas, chairman; Samuel M. Gold, of New York; and Charles F. McLaughlin, of Nebraska. The commissioners were recently appointed by the President pursuant to the provisions of the act of Congress known as the "Settlement of Mexican Claims Act of 1942".

This act provides for adjudication and awards to claimants entitled to participate in the distribution of a lump-sum settlement recently effected by the Department of State whereby the Republic of Mexico pays 40 million dollars to the United States in settlement of claims. Participating claims have originated over a long period extending from 1868 to 1940 and include claims for the expropriation of lands and mines, confiscation or destruction of personal property, injuries to individuals, and miscellaneous instances of alleged denial of justice. Included are all claims not heretofore finally adjudicated in which the Government of Mexico is alleged

to have become responsible to the United States for injuries to American nationals, excepting claims concerning petroleum properties and certain claims arising from default of payment on Mexican bonds.

Offices of the Commission occupy the building located at 1653 Pennsylvania Ave. NW, Washington, D. C.

Regulations relating to claims before the American Mexican Claims Commission were promulgated by the Commission on May 18, 1943. They are printed in full in the *Federal Register* of May 19, 1942, page 6535.

## American Republics

### ECONOMIC COOPERATION WITH MEXICO

[Released to the press May 19]

On May 19 President Roosevelt announced the appointment of the Honorable Wayne Chatfield Taylor, Under Secretary of Commerce, and Mr. Harry D. White, Assistant to the Secretary of the Treasury, as the experts of this Government to serve with the two experts appointed by the Mexican Government to formulate a program for economic cooperation between the two Governments.

The appointment of these experts is in accord with the announcement made on April 29<sup>1</sup> of the agreement reached by President Roosevelt and President Avila Camacho during their reciprocal visits in Mexican and United States territory to have expert economists study the disturbances in the balance of international payments and the related economic situation of the Republic of Mexico under the war economy. The four members of the joint committee may meet either in Mexico City or in Washington, and they expect to complete their deliberations not later than June 15 of the present year.

<sup>1</sup> BULLETIN of May 1, 1943, p. 376.

The Mexican Government has named as its experts on the committee Mr. Valentin R. Garfias, a well-known mining engineer, and Mr. Evaristo Araiza, general manager of the Monterrey Steel Works.

## Cultural Relations

### DISTINGUISHED VISITORS FROM OTHER AMERICAN REPUBLICS

[Released to the press May 20]

Dr. Vicente Donoso Torres, vice president of the National Council of Education of Bolivia, has arrived in Washington, as a guest of the Department of State, in order to visit public-school systems throughout the country. Because between 70 and 80 percent of Bolivia's children of school age are Indians, Dr. Donoso Torres is especially interested in observing Indian schools in this country. He also wishes to investigate possibilities for exchange professorships between Bolivian and United States universities and for the training in this country of Bolivian school teachers.

## Treaty Information

### EXTRATERRITORIALITY

#### Treaty Between the United States and China For the Relinquishment of Extraterritorial Rights in China

On May 20, 1943 the Secretary of State, Mr. Cordell Hull, and the Chinese Ambassador at Washington, Dr. Wei Tao-ming, exchanged ratifications of the Treaty between the United States of America and the Republic of China for the Relinquishment of Extraterritorial

Rights in China and the Regulation of Related Matters, signed at Washington on January 11, 1943, and an accompanying exchange of notes signed on the same date.<sup>1</sup>

The treaty and exchange of notes are brought into force on the day of the exchange of ratifications.

#### Treaty Between the United Kingdom and China For the Relinquishment of Extraterritorial Rights in China

On May 20, 1943 representatives of the British and Chinese Governments exchanged at Chungking ratifications of the Treaty between the United Kingdom of Great Britain and Northern Ireland and the Republic of China for the Relinquishment of Extraterritorial Rights in China and the Regulation of Related Matters signed at Chungking January 11, 1943.

### OPIUM AND OTHER DANGEROUS DRUGS

#### International Convention of 1936

##### Colombia

On May 10, 1943 the Ambassador of Colombia at Washington transmitted to the Secretary of State a copy of the Colombian Official Gazette 25208 of March 22, 1943 which contains the text of Law 12 of March 11, 1943 giving approval to the Convention for the Suppression of the Illicit Traffic in Dangerous Drugs signed at Geneva on June 26, 1936.

### ECONOMICS

#### Agreement With Canada on the Joint Programming of Exports to the Other American Republics

An announcement regarding an agreement with Canada for the joint programming of exports from the United States and Canada to the other American republics appears in this BULLETIN under the heading "Commercial Policy".

<sup>1</sup> BULLETIN of Mar. 20, 1943, pp. 238-250.

## DEFENSE

Agreement With Panama for Lease  
Of Defense Sites

By a despatch dated May 12, 1943 the American Embassy at Panamá informed the Secretary of State that on May 10, 1943 the National Assembly of Panama approved the agreement between the United States and Panama which was signed at Panamá on May 18, 1942, providing for the lease to the United States of defense sites in Panama,<sup>1</sup> and that on May 11, 1943 the National Executive Power of Panama signed Panamanian Law No. 141 by which the agreement was approved.

It is provided in the agreement that it will enter into effect when approved by the National Executive Power of Panama and the National Assembly of Panama.

## Legislation

Authorizing the Secretary of the Navy To Construct, and the President of the United States To Present to the People of St. Lawrence, Newfoundland, on Behalf of the People of the United States, a Hospital, Dispensary, or Other Memorial, for Heroic Services to Men of the United States Navy [at the time of the wreck of the U.S.S. *Pollux* and U.S.S. *Truxtun* near St. Lawrence in 1942]. H. Rept. 459, 78th Cong., 1st sess., on H.J. Res. 118. 3 pp.

Red Cross in Aid of Land and Naval Forces: Hearing Before the Committee on Military Affairs, U.S. Senate, 78th Cong., 1st sess., on S. 676, a bill to amend an act entitled "An Act To provide for the use of the American National Red Cross in aid of the land and naval forces in time of actual or threatened war". II, 7 pp.

<sup>1</sup> BULLETIN of May 23, 1942, p. 448.

Independent Offices Appropriation Bill for 1944: Hearings Before the Subcommittee of the Committee on Appropriations, U.S. Senate, 78th Cong., 1st sess., on H.R. 1762, a bill making appropriations for the Executive office and sundry independent Executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1944, and for other purposes. II, 396 pp.

Extending the Authority of the President Under Section 350 of the Tariff Act of 1930, as amended. [Covers the recommendation of the Finance Committee; the Trade Agreements Act and its administration; the record before the committee, including the views of the Secretary of State; an analysis of opposition arguments; and the committee's conclusions.] S. Rept. 258, 78th Cong., 1st sess., on H.J. Res. 111. iv, 55 pp.

Defense Aid (Lend-Lease) Supplemental Appropriation Bill, 1943. H. Rept. 464, 78th Cong., 1st sess., on H.R. 2753. 16 pp.

## Publications

## DEPARTMENT OF STATE

Treaties Submitted to the Senate 1942: Procedure during 1942 on Certain Treaties Submitted to the Senate 1923-1942 and Their Status as of December 31, 1942. Publication 1894. iv, 12 pp. 10¢.

Exchange of Official Publications: Agreement Between the United States of America and Paraguay—Effectuated by exchange of notes signed at Asunción November 26 and 28, 1942; effective August 5, 1942. Executive Agreement Series 301. Publication 1926. 9 pp. 5¢.

## OTHER GOVERNMENT AGENCIES

Handbook of Emergency War Agencies. March 1943. (U.S. Office of War Information.) 143 pp. 20¢. Inter-American Cooperation Through Colleges and Universities. (U.S. Office of Education.) Education and National Defense Series, no. 14. 34 pp. 15¢.